

CABINET

23 MAY 2013

STRAND CAFÉ, GILLINGHAM

Portfolio Holders: Councillor Alan Jarrett, Deputy Leader and Finance
Councillor Howard Doe, Housing & Community Services

Report from: Robin Cooper, Director of Regeneration, Community and Culture
Perry Holmes, Assistant Director Legal & Corporate Services

Author: David Howe, Valuation & Asset Management Surveyor

Summary

This report requests that Cabinet grants delegated powers to officers to let the café at the Strand, Gillingham (shown edged black on the attached plan).

1. Budget and Policy Framework

1.1 As the annual rent for the property will be over £20,000 this is a matter for Cabinet.

2. Background

2.1 The Strand Café is currently let on a non-secure lease, which expires on 31 May 2013.

2.2 Following instructions from the Council's Head of Leisure to let the Strand café, a marketing exercise has taken place.

2.3 A four and a half year lease with a mutual break option on four months' notice was offered. The highest bids received are in excess of the Assistant Director of Legal & Corporate Service's delegated authority limit of £20,000 per annum. A summary of the marketing process is set out in the exempt appendix.

3. Options

- 3.1 The Council can proceed with the letting, it can operate the café in-house or the service could be discontinued completely.

4. Advice and analysis

- 4.1 If the Council were to run the café in house, this would cost more and the Council would not receive any rental income also it is likely that the café would only be open during summer time only. It is considered that the optimum option in terms of value for money and service delivery is to let the Café. Cabinet is therefore requested to grant the Assistant Director of Legal and Corporate Services delegated powers to let the café.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The café closes.	Loss of income and or service	Retain café	E2.
Tenant fails to pay rent or operate café satisfactorily.	Adverse impact on the Strand Leisure complex	Terminate lease by serving break notice and re-let on open market.	D2
Operate café in-house	Additional staffing and property costs impacting Leisure budget.	Invite offers to run cafe	E2

6. Financial and legal implications

- 6.1 The letting will minimise management costs and produce a rental income, which accords with that anticipated in the setting of the 2013-14 revenue budget.
- 6.2 In accordance with section 123 of the Local Government Act 1972 a lease for a term of less than seven years does not need to for best consideration. However in this case the opportunity to be let the café has been marketed and officers are satisfied that the best offer represents best consideration.

7. Recommendations

- 7.1 It is recommended that Cabinet grants delegated authority to the Assistant Director of Legal and Corporate Services in consultation with the Portfolio Holder for Finance to let the café at the Strand on the best terms reasonably obtainable on this occasion and on future lettings.

8. Suggested reasons for decision

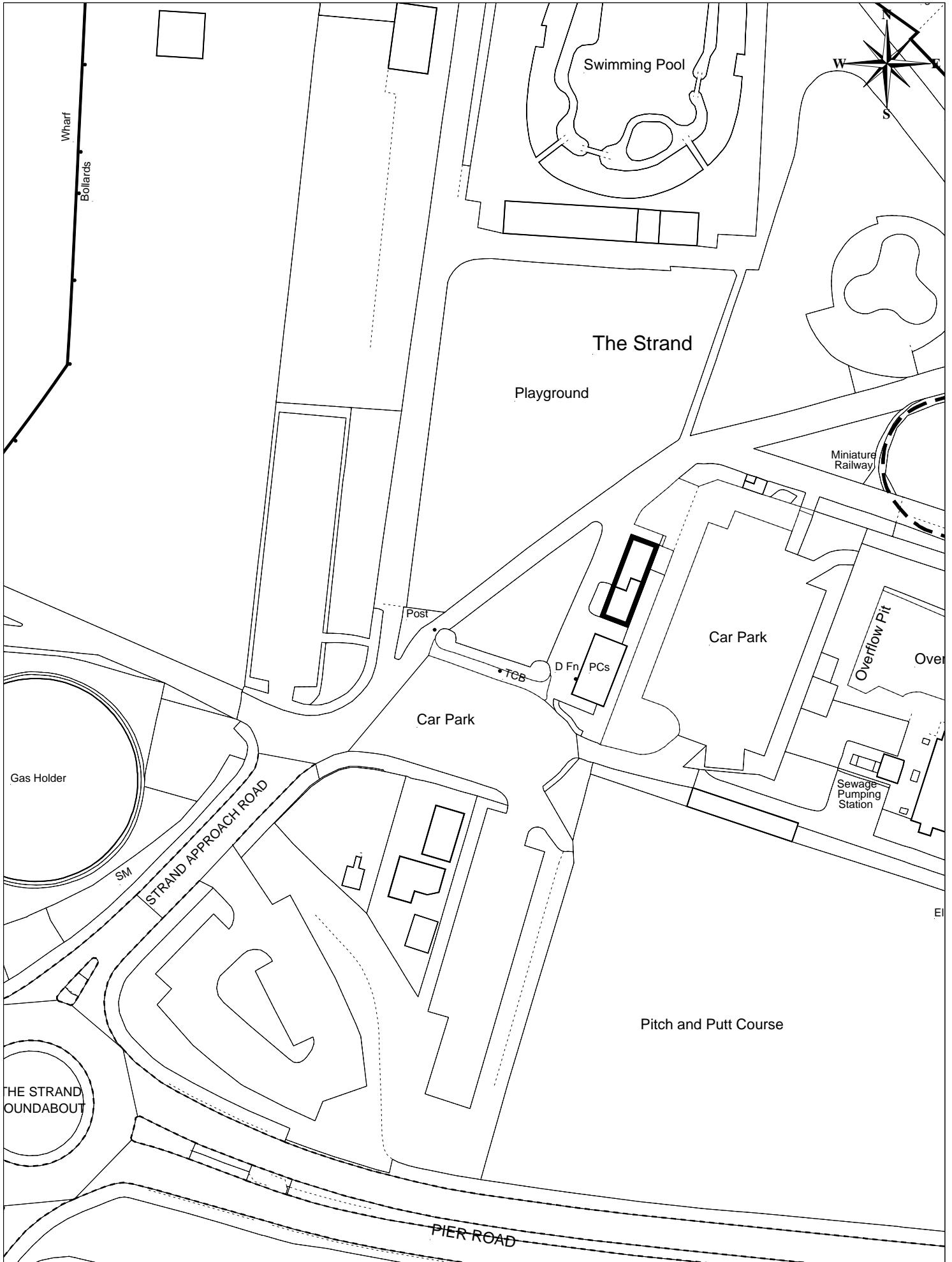
- 8.1 To improve the service to visitors to the Strand and to provide a revenue stream from the asset.

Lead officer contact

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Background Papers

None



The Strand Cafe



Scale: NTS 11/04/13